

One Roq Spirits LLC



ANNUAL REPORT - 2020

430 Virginia St. – Ste 401

Buffalo, NY 14201

www.oneroqclub.com

This Annual Report is dated April 9, 2021.

BUSINESS

ONE ROQ Spirits is the maker of award-winning ONE ROQ[®] Vodka (ONEROQClub.com), a next-generation lifestyle adult beverage brand, concierge, and membership community leveraging technology, law, and brand strategy to build a new and credible brand within the global, beverage alcohol market.

According to the Distilled Spirits Council of the U.S. (DISCUS), the national trade association representing leading producers and marketers of distilled spirits, US revenue growth was up 7.7 percent, with the industry recognizing its 11th straight year of market share gains. The global beverage alcohol market generated over \$350B in annual sales volume in 2020.

Previous Offerings

Between October 16, 2018 and December 31, 2018, we sold 373,781 shares of common stock in exchange for \$.20/share, and between January 1, 2019 and December 31, 2019, we sold 3,349,331 shares of common for \$.20/share, under Regulation Crowdfunding. During 2020, we sold 1,012,244 shares at \$.20/share and 636,593 shares at \$.43/share under Regulation A. A breakdown of our funding rounds is provided below:

<u>Offering</u>	<u>Offering Price per Share</u>	<u>Common Shares</u>	<u>Raise</u>
2018 – Reg CF	\$ 0.20	373,781	\$ 63,233
2019 – Reg CF	\$ 0.20	3,495,331	\$ 703,366
2020 - Reg CF	\$ 0.20	1,012,244	\$ 198,059
2020 – Reg CF	\$ 0.43	636,593	\$ 243,228

ONE ROQ had 55,631,539 and 53,982,702 shares issued and outstanding at December 31, 2020 and 2019, respectively.

REGULATORY INFORMATION

The company has not previously failed to comply with the requirements of Regulation Crowdfunding.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

From 2018 through December 31, 2019, the Company's Founder directed all focus on the successful preparation and launch of the Company's Regulation CF Offering as part of its plan to commercialize a new and differentiated business model, ONE ROQ Vodka Club.

These activities included the research of all new applicable securities and beverage alcohol laws; the production of new inventory; the conception and development of marketing assets such as the Company's website, ONEROQClub.com and cultural ad campaign "Own Your Spirit;" and minimum general operating expenses including warehousing and office leases. Notably, the Founder/Manager personally reinvested for the necessary preparations.

ONE ROQ Spirits LLC which operates in the distilled spirits market vertical, as premium distiller and supplier of ONE ROQ Vodka, actively restarted operation in Q3 2018 after almost two years of dormancy. The Company's re-emergence into the market is the result of a new business and marketing strategy emphasizing consumer participation in the brand's ownership, marketing and development including the benefits associated with membership in the exclusive ONE ROQ Club which offers events and benefits to members. The ONE ROQ Club program also allows members to purchase ONE ROQ products online for convenient delivery at discounted pricing, authorized through 3rd party platforms.

Operating Results – 2020 Compared to 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
Total Assets	\$ 195,936	\$ 256,082
Cash & Cash Equivalents	72,376	64,455
Accounts Receivable	21,180	7,820
Short-term Debt	97,681	48,287
Long-term Debt	130,540	142,011
Revenues / Sales	64,510	18,461
Costs of Goods Sold	66,742	68,236
Taxes Paid	0	0
Net Income	\$ (462,201)	\$ (489,207)

Despite nationwide suspension of new brand programs by alcohol beverage distributors resulting from the global pandemic, and an intermittent funding campaign, ONE ROQ successfully grew its sales at a rate modestly under 250%, as compared to the prior year. It views its sales increase as a materially relevant trend supporting an early basis for continued growth.

ONE ROQ Vodka Sales were \$64,510 during 2020 up from \$18,461 as reported for 2019. Cost of goods sold for 2020 was \$66,742 which was down slightly from \$68,236 reported in 2019. During 2020 cost of goods sold increased by \$23,937 due to increased sales volume while improvements in raw material and production processes reduced per unit cost by \$3.25 per bottle resulting in \$13,263 in savings. Direct selling and distribution costs increased by \$15,827 from \$19,472 in 2019 to \$35,299 in 2020 as the result of increased sales activity. Cost of goods sold in 2019 included \$27,984 of one-time product promotional and supply costs, no similar costs were incurred during 2020. ONE ROQ produced 2,334 units and sold 680 cases during 2020 as compared to 1,422 units produced and 316 cases sold in 2019. Company management believes sales during 2020 and 2019 are consistent with management's strategic scaling of the Company's operations during this period as focus for the Company was on development of its technology/business model, team building, and capital raise.

Cost of Goods Sold – 2020 Compared to 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
Product Cost	\$ 44,717	\$ 20,780
Production Cost Reductions	(13,274)	0
Direct Selling & Distribution	35,299	19,472
One-Time Period Charge	0	27,984
Cost of Goods Sold	\$ 66,742	\$ 68,236

Operating expenses were \$456,463 during 2020, compared to \$432,014 in 2019. As part of ONE ROQ's strategy to aggressively pursue its online and direct consumer markets, the company expended \$340,637 and \$329,360 in sales and marketing activities during 2020 and 2019, respectively. Information technology represents the Company's in infrastructure maintenance required to support its growing customer and investor base, technology expenditures were \$21,722 and \$34,897 in 2020 and 2019, respectively. Legal and professional costs associated with ONE ROQ's multiple crowdfunding campaigns resulted in legal and professional costs increasing from \$12,740 in 2019 to \$47,840 in 2020. Travel and Entertainment expenses remained constant predominantly due to travel restrictions related to the COVID-19 pandemic with expenditures of \$24,354 in 2020 and \$26,811 in 2019, these expenditures are related to promotional events, development of distribution channels and customer relationship building requiring travel nationwide. All other operating expenditures grew proportionately to support essential organizational growth as described below:

<u>OPERATING EXPENSES</u>					
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Chg</u>	
Advertising and marketing	\$ 340,637	\$ 329,360	\$ 11,277	3%	
Information technology	21,722	34,897	(13,175)	-38%	
Property rent	15,000	15,000	-	0%	
Legal and professional	47,840	12,740	35,100	276%	
Travel and entertainment	24,354	26,811	(2,457)	-9%	
Depreciation and amortization	55	55	-	0%	
Other operating expenses	6,855	13,151	(6,296)	-48%	

Total operating expenses	\$	456,463	\$	432,014	\$	24,449	6%
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Liquidity and Capital Resources

At December 31, 2020 and 2019, the Company had cash of \$72,376 and \$ 64,455, respectively. [*The Company continues to raise additional funds through successful equity crowd funding campaigns.*]

Inventories

Inventories are valued at the lower of cost or market value and were valued at \$44,236 and \$52,045 at December 31, 2020 and 2019, respectively. Composition of the inventory is as follows:

	<u>2020</u>	<u>2019</u>
Raw Materials	\$ 21,745	\$ 10,575
Finished Goods	22,491	41,470
Total Inventory	<u>\$ 44,236</u>	<u>\$ 52,045</u>

Debt Financing

	<u>2020</u>	<u>2019</u>
Short-term Debt*	\$ 85,618	\$ 48,287
Long-term Debt*	130,540	142,011
Total Debt	<u>\$ 228,221</u>	<u>\$ 190,298</u>

Short-term Debt

Short-term debt includes trade payables of \$85,618 and \$45,235 at December 31, 2020 and 2019. The short-term portion of the Company's long-term debt was \$11,472 and \$2,510 and accrued interest on the debt was \$592 and \$542 at December 31, 2020 and 2021, respectively.

Long-term Debt

ONE ROQ has unsecured term notes payable to an individual third-party lender in the amount of \$142,011 and \$144,521 at December 31, 2020 and 2019, respectively. The notes accrue interest at 5.0% per annum with monthly payments of interest and principal of \$1,526 through September 30, 2030. The long-term portion of the debt at December 31, 2020 and 2019 was \$130,540 and \$142,011, respectively. As explained in the preceding section, principal amounts due within the next twelve months and accrued interest as of December 31, 2020 and 2019 are classified as short-term debt.

DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES

Our directors and executive officers as of the date hereof, are as follows:

Management Team

Garrett Green – Founder, CEO, CMO

Heath Hettig – Technology **Development Management**

Robert Dimmer – Communications & Digital Media

David Bonk – Finance

PRINCIPAL SECURITY HOLDERS

Set forth below is information regarding the beneficial ownership of our Common Stock, our only outstanding class of capital stock, as of December 31, 2020, by (i) each person whom we know owned, beneficially, more than 10% of the outstanding shares of our Common Stock, and (ii) all of the current officers and directors as a group. We believe that, except as noted below, each named beneficial owner has sole voting and investment power with respect to the shares listed. Unless otherwise indicated herein, beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to shares beneficially owned.

Title of class	Name and address of beneficial owner	Amount and nature of Beneficial ownership	Amount and nature of beneficial ownership acquirable	Percent of class
Common Stock	J. Garrett Green 430 Virginia St. Buffalo, NY 14201	48,950,000 shares	0	92.93

RELATED PARTY TRANSACTIONS

Due from Related Party – At December 31, 2020 and 2019, the Company had amounts receivable from its founder/majority member, Mr. J. Garrett Green in the amount of \$54,880 and \$27,147, respectively. The amounts due from the founder have no formal repayment terms or stated interest rate.

Lease - The Company rents its office space on a month-to-month basis from a member. During the years ended December 31, 2020 and 2019, the Company was charged \$15,000 in related party rent expense.

OUR SECURITIES

Our authorized number of membership units is 60,000,000 units consisting of ONE ROQ Spirits LLC common membership units, par value \$0.20 per unit. As of December 31, 2020 and 2019, the Company had 55,631,539 and 53,982,702 membership units are outstanding. The following is a summary of the rights of our capital stock as provided in our certificate of incorporation and bylaws.

What it means to be a minority holder

As a minority holder you will have limited ability, if at all, to influence our policies or any other corporate matter, including the election of directors, changes to our company's governance documents, additional issuances of securities, company repurchases of securities, a sale of the company or of assets of the company or transactions with related parties.

However, from time to time, the Company may cast votes or opinions from its Members with regards to select initiatives the Company feels may benefit. For example: new product concepts, packaging design concepts, ad campaigns concepts, and new or modified Club concepts. The Company reserves the right to control the nature of such castings as deems valuable and necessary.

Dilution

Investors should understand the potential for dilution. The investor's stake in a company could be diluted due to the company issuing additional shares. In other words, when the company issues more shares, the percentage of the company that you own will decrease, even though the value of the company may increase. You will own a smaller piece of a larger company. This increase in number of shares outstanding could result from a stock offering (such as an initial public offering, another crowdfunding round, a venture capital round, or angel investment), employees exercising stock options, or by conversion of certain instruments (e.g., convertible notes, preferred shares, or warrants) into stock.

If we decide to issue more shares, an investor could experience value dilution, with each share being worth less than before, and control dilution, with the total percentage an investor owns being less than before. There may also be earnings dilution, with a reduction in the amount earned per share (though this typically occurs only if we offer dividends, and most early-stage companies are unlikely to offer dividends, preferring to invest any earnings into the company).

The type of dilution that hurts early-stage investors most occurs when the company sells more shares in a "down round," meaning at a lower valuation than in earlier offerings.

If you are making an investment expecting to own a certain percentage of the company or expecting each share to hold a certain amount of value, it is important to realize how the value of those shares can decrease by actions taken by the company. Dilution can make drastic changes to the value of each share, ownership percentage, voting control, and earnings per share.

RESTRICTIONS ON TRANSFER

The common stock sold in the Regulation CF offering, may not be transferred by any purchaser, for a period of one-year beginning when the securities were issued, unless such securities are transferred:

- (1) to the Company
- (2) to an accredited investor
- (3) as part of an offering registered with the SEC, or
- (4) to a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

SIGNATURES

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100-503), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned, on April 9, 2021.

ONE ROQ Spirits LLC

By

/s/



Name: J. Garrett Green

Title: Chief Executive Officer

Exhibit A

FINANCIAL STATEMENTS

CERTIFICATION

I, J. Garrett Green, Principal Executive Officer of ONE ROQ Spirits LLC, hereby certify that the financial statements of ONE ROQ Spirits LLC included in this Report are true and complete in all material respects.



Principal Executive Officer